



SAUDI PAK

L E A S I N G

**1ST QUARTER
REPORT**

SEP 30, 2022

OUR VISION

To remain trust worthy to all stakeholders.

OUR MISSION For our Customer

We will exert to add value for our all stakeholders by offering them win-win solutions.

For Employees

We will provide our employees opportunities for self development in healthy and result oriented friendly environment.

For our Shareholders

We will endeavor to restore the confidence of our shareholders' by optimum utilization of our limited resources.

For our Society

We will maintain ethical standards and act as responsible corporate citizens and will stand along to deal corona pandemic.

CORPORATE STRATEGY

The Company is optimistic to honor its commitments to stakeholders despite difficult business conditions and severe liquidity crunch being faced due to default of debtors.

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CORPORATE INFORMATION

BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Elected Director
Sheikh Aftab Ahmad	Nominee Director (Since Resigned on 07-09-22)
Mr. Zafar Iqbal	Nominee Director (Since Resigned on 07-09-22)
Ms. Fozia Fakhar	Nominee Director (Since Resigned on 07-09-22)
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

AUDIT COMMITTEE ELECTED ON JANUARY 29, 2019

Syed Najmul Hasnain Kazmi	Chairman
Sheikh Aftab Ahmad	Member (Since Resigned on 07-09-22)
Ms. Fozia Fakhar	Member (Since Resigned on 07-09-22)
Mr. Muhammad Waqar	Member
Mr. Niaz Ahmed Khan	Member (Appointed on 28-09-22)

HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Sheikh Aftab Ahmad	Member (Since Resigned on 07-09-22)
Mr. Zafar Iqbal	Member (Since Resigned on 07-09-22)
Mr. Ahsanullah	Member
Syed Najmul Hasnain Kazmi	Member (Appointed on 28-09-22)

CHIEF EXECUTIVE OFFICER / MANAGING DIRECTOR

Mr. Ahsanullah

COMPANY SECRETARY

Mr. M. Imtiaz Ali

CHIEF FINANCIAL OFFICER

Mr. Amir Rasool (Acting)

HEAD OF INTERNAL AUDIT & COMPLIANCE

Mr. Haider Ali (Acting)

TAX CONSULTANT

M/s. UHY Hassan Naeem & Co
Chartered Accountants

AUDITORS

M/s. UHY Hassan Naeem & Co
Chartered Accountant
(appointed on 28-10-2021)
A member of UHY International Independent Member

LEGAL ADVISOR

1) M/s. S&B Durrani Law Associates, House No. 5-A/11/11,
Sunset Lane, DHA,
Phase – II (Ext.), Karachi
2) M/s. Zafar & Zafar Law Associates, Zafar Cottage, 25,
Mason Road, Lahore

BANKS

MCB Bank Limited
Faysal Bank Limited
Samba Bank Limited

REGISTERED OFFICE

6TH Floor, Lakson Square Building # 1
Sarwar Shaheed Road, Saddar,
Karchi-74200
Tel: (021) 35655181-82-83
Fax: (021) 35210609

BRANCH

Office 337/338, 4th Floor,
JEFF HEIGHTS
Main Boulevard, Gulberg-III, Lahore
Ph : 042 3576 4964 – 65
Contact Person Mr. Tahir - Deputy Manager
(Relocated in 2018)

CONTACT DETAILS

Website: www.saudipakleasing.com
Email : info@saudipakleasing.com

REGISTRAR AND SHARE TRANSFER OFFICE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block – B
S. M. C. H. S., Main Shahrah-e-Faisal, Karachi
Tel: (021) 111-111-500
Fax: (021) 34326031

DIRECTORS' REVIEW

The Directors of Saudi Pak Leasing Company Limited are pleased to present the un-audited condensed Interim Financial Information of the Company for the nine months period ended September 30, 2022

Operating and Financial Results:

	September 30, 2022	September 30, 2021
Income from finance and operating leases	10,896,045	19,166,711
Other operating income	1,547,409	745,427
Total income	12,443,454	19,912,138
Finance cost	(13,425,349)	(8,270,352)
Administrative and other operating expenses including depreciation	(6,257,612)	(7,580,835)
Operating Profit/(loss) before provisions	(1,113,348)	4,060,951
Reversal /(Provision) against leases, loans, receivable and investment properties	3,017,599	957,296
Profit / loss before taxation	(5,335,257)	5,018,247
Profit / loss before taxation	(5,335,257)	5,018,247
Earnings/ (loss) per share-basic	(0.12)	0.11

After incurring profit in the corresponding period, the Management of the company, under the guidance of the Board, continued their efforts in force-majeure and adverse economic circumstances directed towards the betterment of the company and these efforts have resulted to contain the loss after taxation in the tune of Rs. 5.335 million (2021:profit after taxation Rs.5.018 Million) for the period ended 30th September 2022.

The company has been able to reduce its book size and maintain its status as going concern with the help of internal resources. The company is making intensive efforts to initiate negotiations for the settlement of its loan portfolio /other liabilities with the sole objective of seeking haircuts remissions; write offs and long term deferment of payments to the creditors. If succeeded the said restricting and rescheduling is likely to bring much needed improvement in the overall financial health of the company.

The efforts for the revival of the company are underway and the management under the guidance of the board continued their efforts directed towards the betterment of the company.

The Board is fully aware of its responsibility towards its stakeholders and is determined to improve the financial condition.

For and on behalf of the Board



Ahsanullah Khan
Director / CEO

Karachi: October 26, 2022

STATEMENT OF FINANCIAL POSITION UN-AUDITED

As at 30 September 2022

	Note	September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
ASSETS			
Current assets			
Cash and bank balances	5	32,545,891	253,806
Short term loans	6	118,355,176	136,636,011
Short term investments	7	54,250,464	54,220,500
Trade deposits and short term prepayments		1,262,449	979,871
Other receivables	8	-	-
Current maturity of non-current assets	9	478,006,102	489,385,960
Taxation - net		1,388,739	1,250,545
Total current assets		685,808,821	682,726,693
Non-current assets			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	39,107,270	39,461,923
Property, plant and equipment	13	60,414,253	61,172,944
Total non-current assets		99,521,523	100,634,867
Total Assets		785,330,344	783,361,560
LIABILITIES			
Current liabilities			
Borrowings from financial institutions	14	162,801,588	162,801,588
Certificates of investment	15	43,000,000	43,000,000
Accrued mark-up	16	525,448,027	512,034,439
Accrued expenses and other payables	17	4,666,038	5,773,867
Current maturity of non-current liabilities	18	664,638,793	669,638,793
Unclaimed dividend		1,661,291	1,661,291
Total current liabilities		1,402,215,736	1,394,909,978
Non-current liabilities			
Certificates of investment		-	-
Deferred tax liability - net		-	-
Long term finances	19	-	-
Security Deposits against Finance Leases	20	-	-
Total non-current liabilities		-	-
Total liabilities		1,402,215,736	1,394,909,978
NET ASSETS		(616,885,393)	(611,548,418)
FINANCED BY			
Authorized Share Capital			
100,000,000 (June 30, 2020: 100,000,000) ordinary shares of Rs. 10/-each		1,000,000,000	1,000,000,000
100,000,000 (June 30, 2020: 100,000,000) preference shares of Rs. 10/-each		1,000,000,000	1,000,000,000
		2,000,000,000	2,000,000,000
Issued, subscribed and paid-up share capital - ordinary shares		451,605,000	451,605,000
Issued, subscribed and paid-up share capital - preference shares		528,208,500	528,208,500
Statutory reserves		179,549,025	179,549,025
Accumulated loss		(1,826,144,329)	(1,821,135,601)
Surplus on revaluation of property, plant and equipment - net of tax		30,902,141	31,228,670
Unrealised gain/(loss) on re-measurement as at fair value through other comprehensive income	21	19,993,936	19,995,654
Accumulated actuarial (loss) / gain on defined benefit plan-net of tax		(999,666)	(999,666)
		(616,885,393)	(611,548,418)
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)


For the quarter ended September 30, 2022

		Quarter ended	
		September 30, 2022	September 30, 2021
		(Rupees)	
Revenue			
Income from:			
Finance leases	23	10,896,045	19,166,711
Other operating income	25	1,547,409	745,427
TOTAL INCOME		12,443,454	19,912,138
Expenses			
Finance cost	26	13,425,349	8,270,352
Administrative and operating expenses	27	6,257,612	6,485,225
Depreciation	28	1,113,348	1,095,610
		20,796,309	15,851,187
Operating Profit / (Loss) before provisions		(8,352,856)	4,060,950
Reversals / (Provisions) for doubtful leases, loans and other receivables - net		3,017,599	957,296
Increase / (Decrease) in fair value of investment		-	-
		3,017,599	957,296
Profit / (Loss) before taxation		(5,335,257)	5,018,247
Taxation			
- Current		-	-
- Deferred		-	-
Profit / (Loss) for the period		(5,335,257)	5,018,247
Earnings / (Loss) per share - basic	31	(0.12)	0.11

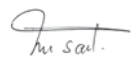
The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter ended September 30, 2022

	Quarter Ended	
	September 30, 2022	September 30, 2021
	(Rupees)	
Profit / (Loss) after taxation	(5,335,257)	5,018,247
Other comprehensive income		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Unrealised gain / (loss) on re-measurement of investments as at fair value through other comprehensive income	(1,718)	(4,164)
Total comprehensive income for the year	(5,336,975)	5,014,083

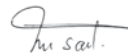
The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the quarter ended September 30, 2022

Issued, subscribed and paid-up share capital		Reserves					Surplus on revaluation of property, plant and equipment - net	Total
Ordinary Shares	Non-redeemable Preference shares	Satutory reserves	Unrealised gain on re-measurement of investment as at fair value through other comprehensive income	Accumulated actuarial gain / losses on defined benefit plan- net of tax	Accumulated loss			
Rupees								
451,605,000	528,208,500	179,549,025	20,013,895	(999,666)	(1,757,301,748)	32,534,786	(546,390,208)	
-	-	-	-	-	5,018,247	-	5,018,247	
-	-	-	-	-	-	(326,529)	-	
-	-	-	-	-	-	-	-	
-	-	-	(41,64)	-	-	-	(41,64)	
-	-	-	(4,164)	-	5,344,776	(326,529)	5,014,083	
451,605,000	528,208,500	179,549,025	20,009,731	(999,666)	(1,751,956,972)	32,208,257	(541,376,125)	
451,605,000	528,208,500	179,549,025	19,995,654	(999,666)	(1,821,135,601)	31,228,670	(611,548,418)	
-	-	-	-	-	(5,335,257)	-	(5,335,257)	
-	-	-	-	-	326,529	(326,529)	-	
-	-	-	(1,718)	-	-	-	(1,718)	
451,605,000	528,208,500	179,549,025	19,993,936	(999,666)	(1,824,144,729)	30,902,141	(616,885,593)	

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.

Balance as at July 1, 2021

Profit for the period

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation

Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate

Unrealized loss on remeasurement of available
for sale investments

Balance as at September 30, 2021

Balance as at July 1, 2022

Total comprehensive income for the quarter ended

Profit for the period

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation

Decrease in deferred tax liability on surplus on revaluation of fixed assets due to change in tax rate

Unrealised (loss) / gain on re-measurement of available-for-sale investments

Balance as at 30 September 2022

The annexed notes from 1 to 33 form an integral part of the contract.

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2022

	Note	Quarter Ended	
		September 30, 2022	September 30, 2021
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES	29	18,447,486	8,802,990
Finance cost paid		(11,761)	(7,147)
Taxes paid		(138,194)	-
Security deposits paid to lessees		-	-
Interest receivable from Govt. Securities - T-Bills		373,099	98,891
Decrease in net investment in finance leases		18,649,440	9,388,105
		18,872,584	9,479,849
<i>Net cash flows from operating activities</i>		37,320,070	18,282,839
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-	(71,730)
Short term investments - net		(29,964)	15,228
Proceeds from disposal of short term investments		-	-
Proceeds from sale of property, plant and equipment		-	-
Repayment of long term loans		-	-
Dividend received		1,980	2,474
Net cash (used in) / from investing activities		(27,984)	(54,028)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of term finances certificates		(5,000,000)	-
<i>Net cash used in financing activities</i>		(5,000,000)	-
Net decrease in cash and cash equivalents during the period		32,292,086	18,228,811
Cash and cash equivalents at beginning of the period		253,806	1,571,466
Cash and cash equivalents at end of the period		32,545,891	19,800,276

The annexed notes from 1 to 34 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

Chief Financial Officer

SELECTED NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2022

1. LEGAL STATUS AND OPERATIONS

- 1.1** Saudi Pak Leasing Company Limited (the Company) was incorporated in Pakistan on January 08, 1991 under the Companies Ordinance, 1984 and is listed on Pakistan Stock Exchanges Limited. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi and branch office is located at 337/338, 4th Floor, JEFF Heights, Main Boulevard, Gulberg-III, Lahore. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on May 18, 2010 and subsequently has been cancelled on June 30, 2021. The company has not been able to obtain renewal thereof from SECP as the legal requirements laid down in this respect could not be met by the company, despite all out efforts under force majeure circumstances.

Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder and as of 30 September 2022 holds 35.06% (30 June 2021: 35.06%) of issued ordinary share capital of the Company and 63% (30 June 2021: 63%) of issued preference share capital of the Company.

- 1.12** Since 2010, the Company has not extended any lease facility to its customers owing to expiry of its leasing license. However, it continued its activities with a barely sufficient number of employees required for managing its recoveries from customers and for handling its financial obligations to lenders.

Despite the existence of the foregoing material uncertainties, these financial statements have been prepared using the going concern assumption primarily due to the reason that a number of recovery suits filed by the Company against its customers are expected to be disposed off in due course of time as the management is actively seeking out-of-court settlement of such suits and by way of auction of collateralized assets and to effect recoveries through negotiated settlements. A reasonable number of cases have been decreed in the favour of the Company. It is expected to materially improve the recoveries of overdue lease rentals and term loans from customers which, in turn, would enable the Company to settle its long outstanding financial liabilities to lenders in order to make the Company a feasible investment avenue for a resourceful investor.

The Company submitted its rehabilitation plan duly approved by its Board of Directors to the SECP. The plan envisages revival of operation upon renewal of its license by the SECP based on MER of Rs. 50 million with a non-deposit taking status until next improvement if the new sponsor decides to go as a deposit taking company and upon meeting the condition of final negotiated settlement of certain liabilities out of recoveries expected to be materialized during 2020-2021 or thereafter besides negotiations underway with investors desirous of settlement with the Company subject to approval of the competent authority. Further, the Company also informed SECP that the major shareholder SAPICO has already engaged financial adviser for divestment of shares. SECP has issued instructions to the company to submit progress report on monthly basis covering inter alia diversment, COI repayments recovery of outstanding loans/leases, settlements vis-a-viz MER compliance etc, vide SECP letter no. SC/NBFC-23/SPLC/2018/68 dated 31-12-2021.

The management of the Company is confident that due to steps / measures as explained in the above paragraphs which are in line with the Board's approved rehabilitation plan for capital management and the approved financial projections, the going concern assumption is appropriate and has as such prepared these financial statements on a going concern basis.

- The Company has requested the Securities and Exchange Commission of Pakistan (SECP) for relaxation in the minimum capital requirement under NBFC Rules, 2008 and is hopeful that this request will be accepted inter-alia based on the condition of the overall business environment and the Company's position in the overall leasing sector.

2. BASIS OF PREPERATION**2.1 Statement of Compliance**

This condensed interim financial information of the Company for the three months ended 30 September 2022 has been prepared in accordance with the requirements of the International Accounting Standard 34 (IAS 34), "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In case requirements differ, the provisions or directives issued under the Companies Act, 2017, NBFC Rules, 2003 and NBFC Regulations, 2008 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for plant and machinery which are stated at revalued amounts, investments carried at fair value through other comprehensive income and obligations in respect of gratuity which are measured at present value of defined benefit obligations less fair value of plan assets.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and has been rounded-off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of the condensed Interim Financial statement require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management and the key sources of estimating uncertainty in preparation of these condensed interim financial statements were same as of those applied to the annual financial statements for the period ended 30 June 2022.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS

The accounting policies and basis for accounting estimates adopted for the preparation of this condensed interim financial information (un-audited) are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2022.

4. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements of the Company as at and for the year ended 30 June 2022.

Notes to the Financial Statements

For the quarter ended September 30, 2022

		September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
5. CASH AND BANK BALANCES	Note		
Cash in hand		141,653	75,000
Balance with State Bank of Pakistan in current account - local currency		30,449	32,859
Balances with other banks:			
- in current account		-	-
- in saving accounts	5.1	<u>32,373,789</u>	<u>145,947</u>
		<u>32,545,891</u>	<u>253,806</u>

- 5.1** This represents saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 5.5% (30 June 2022: 5.5%) per annum.

6. SHORT TERM LOANS - Secured

Term loan to customers			
- Considered doubtful	6.1	146,950,300	165,231,135
Provision for non-performing loans		<u>(28,595,124)</u>	<u>(28,595,124)</u>
		<u>118,355,176</u>	<u>136,636,011</u>

- 6.1** This represents term finance facilities provided to customers and carries mark-up ranging from 16.25% to 25% (30 June 2022: 16.25% to 25%) per annum.

7. SHORT TERM INVESTMENTS

Investments in Shares	7.1	40,302,066	40,303,784
Amortized cost	7.2	13,948,398	13,916,716
Other Investment - Club membership cards	7.3	<u>25,758,520</u>	<u>25,758,520</u>
		80,008,984	79,979,020
Accumulated impairment on Club membership cards		<u>(25,758,520)</u>	<u>(25,758,520)</u>
		<u>54,250,464</u>	<u>54,220,500</u>

- 7.1** This represents investment of shares in unquoted and quoted Companies. The investment is stated at fair value.

7.2 Amortized cost

Government Market Treasury Bills	7.2.1	<u>13,948,398</u>	<u>13,916,716</u>
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1st Quarter Report September 30, 2022

For the quarter ended September 30, 2022

Notes to the Financial Statements

7.2.1 This represents investment in Government Market Treasury Bill having maturity on 20 October 2022 and carries effective mark-up at a rate of 15.63% (30 June 2022: 14.91%) per annum.

7.3 The Company has been holding membership cards of ACACIA Golf Club. These membership cards had been acquired by the Company in 2010. Further, since the said golf club was not operational, a provision for impairment there-against had also been recognized in the financial statements of the Company.

		September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
8. OTHER RECEIVABLES			
Receivable from finance leases		65,913,380	65,913,380
Receivable from Provident Fund		2,880,000	2,880,000
Others		3,101,369	3,101,369
		<u>71,894,749</u>	<u>71,894,749</u>
Provision against doubtful receivables		<u>(71,894,749)</u>	<u>(71,894,749)</u>
		<u>-</u>	<u>-</u>

9. CURRENT MATURITY OF NON - CURRENT ASSETS

Current portion of:

Long term loans	10	51,983,130	51,983,130
Net investment in finance leases	11	426,022,973	437,402,830

478,006,102 489,385,960

10. LONG TERM LOANS - secured

Related party

Due from employees - considered good		222,546	222,546
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Other than related party

Term loan to customers			
- Considered doubtful	10.1	<u>100,164,030</u>	<u>100,164,030</u>
		<u>100,386,576</u>	<u>100,386,576</u>
Provision for non-performing loans		<u>(48,403,446)</u>	<u>(48,403,446)</u>
		<u>51,983,130</u>	<u>51,983,130</u>
Current maturity of long term loans	9	<u>(51,983,130)</u>	<u>(51,983,130)</u>
		<u>-</u>	<u>-</u>

10.1 Term loans due from customers are secured against assets. The rate of return on these loans ranges from 16.00% to 22.66% (30 June 2022: 16.00% to 22.66%) per annum.

11. NET INVESTMENT IN FINANCE LEASES

Minimum lease payments receivable		1,204,492,433	1,222,950,463
Add: Residual value of leased assets		282,029,108	282,029,108
Gross investment in finance leases		<u>1,486,521,541</u>	<u>1,504,979,571</u>
Less: Unearned lease income		-	-
Mark-up held in suspense		<u>215,908,785</u>	<u>219,969,250</u>
		<u>215,908,785</u>	<u>219,969,250</u>
		<u>1,270,612,756</u>	<u>1,285,010,321</u>
Less: Provision for potential lease losses		<u>844,589,784</u>	<u>847,607,491</u>
Net investment in finance leases		<u>426,022,972</u>	<u>437,402,830</u>
Less: Current portion of net investment in finance leases	9	<u>(426,022,972)</u>	<u>(437,402,830)</u>
		<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the quarter ended September 30, 2022

12. INVESTMENT PROPERTIES

Rupees

As at July 01, 2021

Cost	66,160,092
Accumulated depreciation	(18,473,857)
Accumulated impairment	(6,805,696)
Net book value	<u>40,880,539</u>

Movement during the period ended September 30,2021

Opening net book value	40,880,539
Depreciation charge	(354,654)
Closing net book value	<u>40,525,885</u>

As at July 01, 2022

Cost	66,160,092
Accumulated depreciation	(19,892,472)
Accumulated impairment	(6,805,696)
Net book value	<u>39,461,924</u>

Movement during the period ended September 30,2022

Opening net book value	39,461,924
Depreciation charge	(354,654)
Closing net book value	<u>39,107,270</u>

As at September 30, 2022

Cost	66,160,092
Accumulated depreciation	(20,247,126)
Accumulated impairment	(6,805,696)
Net book value	<u>39,107,270</u>
	<u>2.22% to 5%</u>

Rate of depreciation

13. PROPERTY, PLANT AND EQUIPMENT

Note	September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
------	--	--

Property, plant and equipment - own use	60,033,888	60,792,579
Property, plant and equipment - operating lease	380,365	380,365
	<u>60,414,253</u>	<u>61,172,944</u>

Additions - Cost

Owned assets

Office Vehicle	-	75,000
Office equipment	-	1,291,730

Total additions

<u>-</u>	<u>1,366,730</u>
-----------------	-------------------------

Disposals - WDV

Owned assets

Vehicles	-	2,352,595
Office equipment	-	-
Total Disposals	<u>-</u>	<u>2,352,595</u>

1st Quarter Report September 30, 2022

For the quarter ended September 30, 2022

Notes to the Financial Statements

		September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
14. BORROWINGS FROM FINANCIAL INSTITUTIONS	Note		
Letter of placements - Unsecured			
National Bank of Pakistan	14.1	77,500,000	77,500,000
Innovative Investment Bank Limited	14.2	60,000,000	60,000,000
Meezan Bank Limited	14.3	25,301,588	25,301,588
		<u>162,801,588</u>	<u>162,801,588</u>

14.1 This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on 01 April 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 40 days. The Company has not paid any amount in respect of this finance. As of 30 September 2022, the Company has accrued a mark-up of Rs. 108.583 million.

14.2 This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on 3 December 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. The facility was rolled over for a further period of 184 days on 14 March 2011. Since the disbursement of facility, the Company has paid an amount of Rs. 3 million on account of principal repayment. As of 30 September 2022, the Company has accrued a mark-up of Rs. 60.458 million.

14.3 This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on 20 September 2008, under Murabaha arrangement at a rate of 12% per annum. The Company paid Rs. 81 million on various dates from September 2008 to June 2011.

The remaining amount of Rs. 69 million was restructured by way of settlement agreement on 22 April 2011 whereby the Company transferred a lease portfolio of Rs. 32 million. On 03 September 2012, a revised settlement agreement was signed according to which loan to be settled by way of transferring of Company's assets / collateral held by the Company against one of its non-performing borrowers and cash payment of Rs. 9.870 million as down payment. Meezan Bank was offered membership cards of M/s ACACIA Golf Club but they didn't accept these membership cards against settlement due to non-functional status of the club. As per the revised restructuring terms, the finance carries no mark-up.

		September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
15. CERTIFICATE OF INVESTMENT	Note	<u>43,000,000</u>	<u>43,000,000</u>
16. ACCRUED MARK-UP			
Mark-up on:			
Certificates of investment		117,160,968	115,532,443
Long term finances		50,791,384	50,169,099
Term finance certificates		188,593,487	180,828,408
Short term borrowings from financial institutions		<u>168,902,188</u>	<u>165,504,489</u>
		<u>525,448,027</u>	<u>512,034,439</u>
17. ACCRUED EXPENSES AND OTHER PAYABLES			
Accrued expenses		1,923,536	4,360,236
Others		<u>1,609,368</u>	<u>1,413,631</u>
		<u>3,532,904</u>	<u>5,773,867</u>
18. CURRENT MATURITY OF NON- CURRENT LIABILITIES			
Current portion of:			
Certificate of investment		45,549,000	50,549,000
Long term finances	19	356,494,443	356,494,443
Security deposits against finance leases	20	<u>262,595,351</u>	<u>262,595,351</u>
		<u>664,638,793</u>	<u>669,638,793</u>

Notes to the Financial Statements

For the quarter ended September 30, 2022

		September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
19. LONG TERM FINANCES	Note		
Long term finances - secured	19.1	149,561,501	149,561,501
Long term finances - unsecured		5,703,696	5,703,696
	19.2	155,265,197	155,265,197
Term finance certificates - secured	19.3	201,229,246	201,229,246
		356,494,443	356,494,443
Current maturity of long term finances	18	(356,494,443)	(356,494,443)
		-	-

19.1 Long term finances

Secured

National Bank of Pakistan - II	19.2.1	12,500,000	12,500,000
First Women Bank Limited	19.2.2	75,061,505	75,061,505
Soneri Bank Limited	19.2.3	61,999,996	61,999,996
Un-secured			
Silk Bank Limited	19.2.4	5,703,696	5,703,696
		155,265,197	155,265,197

- 19.2** The above are secured by way of hypothecation of specific leased assets and associated lease rentals. These facilities were utilized mainly for lease financing activities.

- 19.2.1** This represents finance of Rs. 100 million obtained from National Bank of Pakistan on 17 March 2005 mainly for lease financing activities. As per the agreement, loan was payable in semi-annual installments of Rs. 12.5 million each from 17 September 2005 to 17 March 2009. The agreement was amended with the maturity date to March 2010. As of 30 September 2020, all installments were paid except for the last installment which was due on 17 March 2009 and is still outstanding. As per agreement the finance carries mark-up at 6 month KIBOR + 1.5%, payable semi-annually. As of 30 September 2022, the Company has accrued mark up of Rs. 18.218 million.

- 19.2.2** This represents a finance of Rs. 150 million obtained from First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly installments up to December 31, 2012. The Company paid the installments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum, payable monthly. As of September 30, 2022, the Company had accrued mark-up of Rs. 24.054 million.

- 19.2.3** As on March 29, 2010, the Company had a financial obligation in respect of Term Finance facilities obtained from M/s. Soneri Bank Limited (SBL) as under:

Term Finance I - PKR 66.66 million
 Term Finance II - PKR 35.00 million
 Running Finance - PKR 49.97 million
 Total PKR 151.637

- The company paid TF-II of PKR 35 million and RF PKR 1.5 million.

- The company also paid PKR 5 million upto May 7, 2013, on which date revised settlement agreement was entered with SBL to restructure the entire obligation of pending PKR 110 million to be paid as under:
 - a. PKR 43 million by way of transfer of property (held as collateral of PKR 43 million against the borrower) or a cash payment of PKR 25 million as full and final settlement of PKR 43 million. The company settled the loan amounting to PKR 43 million by way of cash payment of PKR 25 million on August 28, 2013 (and recognized the waiver of PKR 18 million against the said payment)
 - b. Cash paid of PKR 5 million in twelve equal monthly payment of PKR 0.416 million each commencing from the date execution of settlement agreement (company paid PKR 5 million in twelve equal installments as agreed).
 - c. PKR 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) at Thokar Niaz Baig, Lahore. However, this property has not been transferred to Soneri Bank Limited due to legal complications and the company is negotiating with SBL to accept alternate property of the same value acceptable to Soneri Bank Limited;
 - Remaining principal obligation amounting to Rs. 27.5 million will be waived upon successful transfer of properties / cash payment as referred to above.
 - Further, as per the revised restructuring terms, the finance carries no mark-up.
 - During the year, the bank filed a petition for recovery suit in Banking Court claiming Rs.79.999 million against default by the company in the implementation of settlement agreement dated May 2013 with the bank. The Company was required to make payment of Rs.39.5 million and waiver of Rs.27 million was to be availed upon full repayment. The company however on payment of agreed instalment up to Rs. 5 million till 2015 subsequently defaulted in repayment of balance amount of Rs 34.5 million. The suit filed is proceeding in the court. The company intends to settle this liability as per the agreement.
- 19.2.4** This represents a finance of Rs. 15.7 million obtained from Silk Bank Limited (SBL) on April 27, 2009 against issuance of irrevocable letter of comfort for opening a letter of credit in favour of Uni-Link International. Up to March 31, 2011, the Company could repay Rs. 4 million and defaulted thereafter. Hence, on September 12, 2012, a settlement agreement was entered into with SBL whereby the finance was restructured and the outstanding loan was agreed to be settled as follows:
- Down payment of Rs. 0.707 million; and
 - 54 monthly instalments of Rs. 0.204 million each.
- Up to November 2014, the Company repaid 26 monthly installments of Rs. 0.204 million each and defaulted thereafter. As of 30 September 2022, the Company had accrued a markup of Rs. 8.520 million.
- 19.3** This represents third issue of registered and listed term finance certificates (TFCs) issued by the Company to banking companies and financial institutions, trusts and general public. These are secured by way of a first exclusive charge on specific leases including lease rentals and receivables against lease with 25% margin available at all times to the TFCs holders on total outstanding amount of the issue. The total issue comprises of 150,000 certificates of Rs. 5,000 each.

The issue was first restructured by way of "Supplemental Declaration of Trust" dated 13 September 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" dated 13 January 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution has been passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions

Notes to the Financial Statements

For the quarter ended September 30, 2022

of the issue after rescheduling are as follows:

Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from 13 January 2012 as follows:

- Rs. 3 million per month starting from January 2012 to December 2012
- Rs. 4 million per month starting from January 2013 to December 2013
- Rs. 6 million per month starting from January 2014 to December 2014
- Rs. 13 million per month starting from January 2015 to February 2017
- Rs. 20.854 million in March 2017

Mark-up on TFCs

- The issue carries return at 6% per annum for first 36 months (from 13 January 2012 to 13 December 2014).
- One month's KIBOR per annum for remaining 27 months (from 13 January 2015 to 13 March 2017).
- Mark-up shall be paid on monthly basis starting from 25th month till the maturity of the TFC.
- Mark-up payments on TFCs for first 24 months is deferred till 13 December 2013. Deferred mark-up is the sum of deferred mark-up payments for the first 24 months and the outstanding deferred mark-up (relating to first restructuring as of 13 December 2013) and amounts to Rs. 25.368 million.
- Mark-up on TFCs is deferred till 13 December 2013 and is payable in 3 equal instalments in December 2014, 2015 and 2016.

Trustee

In order to protect the interests of TFC holders, First Dawood Investment Bank Limited has been appointed as trustee under a trust deed with power to enforce the Company's obligations in case of default and to distribute the proceeds of any such enforcement, in accordance with the terms of the Declaration of Trust. However, First Dawood Investment Bank Limited may not act as trustee till its licence is not renewed.

The Company defaulted in making payments to TFC holders in 2014 due to liquidity issues faced by the Company.

		September 30, 2022 Rupees (Un-audited)	June 30, 2022 Rupees (Audited)
20. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES	Note		
Security deposits against finance leases	20.1	262,595,351	262,595,351
Current maturity of deposits against finance leases	18	<u>(262,595,351)</u>	<u>(262,595,351)</u>
		<u>-</u>	<u>-</u>

- 20.1** This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.

21. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of property, plant and equipment	21.1	<u>30,902,141</u>	<u>31,228,670</u>
		<u>30,902,141</u>	<u>31,228,670</u>

- 21.1** The property, plant and equipment of the Company were revalued as at September 28, 2008, June 27, 2012, June 30, 2012, June 30, 2015, July 16, 2019 and December 16, 2019. The revaluation was carried out by independent valuers, on the basis of professional assessment of present market values and resulted in surplus of Rs.33,769,445, Rs.41,486,216, Rs. 51,594,507 and Rs. 64,926,000 respectively over the written down values.

22. CONTINGENCIES AND COMMITMENTS

- 22.1** The Company is defending various counter suits filed against it by defaulting customers against whom recovery suits were filed by the company between the year 2009 to 2018. The counter suits are mainly for rendition of accounts and damages and or injunction against the company. These suits are proceeding in the High Court or Banking Court and, in the opinion of the legal counsel, the Company is not likely to suffer any loss or liability on account of these counter suits. The amount claimed in these counter suits as of 30th September 2022 amounted to Rs.178.904 million (2022: 178.904 million).

- 22.2** The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice, it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act, 2005 for the financial years 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that, for those years, FED was chargeable on services which were non-funded. However, for the period 2009-10, due to amendment in Entry 8, the said services are chargeable to FED as provisions of the Federal Excise Act, 2005.

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR (A) against the said order. The CIR(A) vide through Appellate Order no 97 of 2012 dated April 30, 2012 constituted that the duty so charged is legally and constitutionally valid under the Federal Excise Act, 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and, accordingly, deleted the levy of FED for the said tax period. Accordingly, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above CIR(A) order which decided the case in favour of the Company.

In 2014, a reference application was filed by CIR Zone-I against the Company in High Court which is pending for adjudication. In the opinion of legal counsel of the Company, there is no likelihood of any outcome adverse to the Company's interest. The Company, hence, has not recognized any provision against the above notice.

- 22.3** In the year 2016, M/s. First Women Bank Limited (FWBL) filed, before the Honourable High Court of Sindh, a recovery suit against the Company wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million (refer note 21.2.2), a demand has been raised in respect of cost

Notes to the Financial Statements

For the quarter ended September 30, 2022

of funds. However, since the case is yet pending for adjudication before the Honourable High Court of Sindh and because no reasonable estimation can be made of the cost of funds so claimed by FWBL, no provision thereof has been recognized in these financial statements.

		September 30, 2022 (Un-audited)	September 30, 2021 (Un-Audited)
23. INCOME FROM FINANCE LEASES	Note	----- (Rupees) -----	
Income from finance lease contracts		4,060,465	781,249
Gain on termination of finance lease contracts		6,835,580	18,385,462
		<u>10,896,045</u>	<u>19,166,711</u>

24. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Capital requirements applicable to the Company are set out and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated 2 September 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by 30 June 2011, 30 June 2012, 30 June 2014 and 30 June 2015 respectively. As per revised regulations, leasing company has to meet minimum capital requirement of Rs. 500 million to qualify as deposit taking entity and Rs. 50 million for non-deposit taking entity. Saudi Pak Leasing Company intends to operate in future as non-deposit taking entity.

25. OTHER OPERATING INCOME

Income from financial assets:

- Dividend income	1,980	2,474
- Interest income from government securities	521,375	220,042
- Interest income from term loan	868,742	-
- Interest income from savings accounts	140,312	27,912
	<u>1,532,409</u>	<u>250,428</u>

Income from non-financial assets:

- Gain on sale of property, plant and equipment	-	-
- Waiver on settlement of long term finances	-	-
- Others	15,000	495,000
	<u>15,000</u>	<u>495,000</u>
	<u>1,547,409</u>	<u>745,427</u>

26. FINANCE COST

Mark-up on:

- Long term finances	622,285	436,088
- Term finance certificates	7,765,079	3,075,445
- Short term borrowings	3,397,699	3,397,699
Return on certificates of investment	1,628,525	1,353,973
Bank charges	11,761	7,147
	<u>13,425,349</u>	<u>8,270,352</u>

1st Quarter Report September 30, 2022

For the quarter ended September 30, 2022

Notes to the Financial Statements

		September 30, 2022 (Un-audited)	September 30, 2021 (Un-Audited)
	Note	(Rupees)	
27. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, Allowances and Benefits		3,606,722	4,046,598
Directors' Fee		750,000	550,000
Rent		271,040	77,440
Repairs and maintenance		353,091	549,460
Insurance		67,933	12,759
Utilities		223,308	295,672
Vehicle running expenses		391,973	246,516
Printing and stationery		40,960	68,953
Telephone and postage		108,242	73,996
Travelling and conveyance - Directors		147,860	26,000
Fee and subscriptions		41,919	179,040
Legal and professional charges		71,890	93,400
Advertising and entertainment		-	91,301
Miscellaneous		182,674	174,090
		<u>6,257,612</u>	<u>6,485,225</u>
28. DEPRECIATION			
Depreciation on owned assets		758,694	740,956
Depreciation on investment properties		354,654	354,654
		<u>1,113,348</u>	<u>1,095,610</u>
29. CASH GENERATED FROM OPERATIONS			
(Loss) / profit for the period before taxation		(4,202,123)	5,018,247
Adjustment for non cash charges and other items :			
Depreciation - owned assets		758,694	740,956
Depreciation - investment properties		354,654	354,654
Income on finance lease contracts		(4,060,465)	(781,249)
Financial and other charges		13,425,349	8,270,352
Provision / (reversals) for doubtful leases, loans and other receivables		(3,017,599)	(957,296)
Dividend income		(1,980)	(2,474)
Interest income from government securities		(521,375)	(220,042)
Gain on sale of property, plant & equipment		-	-
Amount written off directly against loans, lease receivables and investments		-	-
Gain on settlement of term finance certificates		-	-
Other Income		(15,000)	(495,000)
Impairment on available for sale investments		-	-
		<u>6,922,278</u>	<u>6,909,901</u>
(Loss)/profit before working capital changes		<u>2,720,156</u>	<u>11,928,148</u>
Working capital changes			
Short term loans / Investments		18,250,871	15,228
Trade deposits and short term prepayments / other receivables		(282,578)	(703,246)
Accrued and other payables		(2,240,963)	(2,437,140)
		<u>15,727,330</u>	<u>(3,125,158)</u>
Cash (used in) / generated from operations after working capital changes		<u>18,447,486</u>	<u>8,802,990</u>
30. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS			

Aggregate transactions with related parties and associated undertakings which are not disclosed in respective notes are as follows:

Notes to the Financial Statements

For the quarter ended September 30, 2022

	September 30, 2022 (Un-audited)	September 30, 2021 (Un-Audited)
Note	(Rupees)	
Directors fee		
Fee	750,000	550,000
Key management personnel		
Remuneration to key management personnel	1,890,000	1,755,000
Other related parties		
Payments to provident fund	-	127,500
 31. EARNINGS / (LOSS) PER SHARE - BASIC		
Profit / (Loss) after taxation attributable to ordinary shareholders	<u>(4,202,123)</u>	<u>5,018,247</u>
	(Number)	
Weighted average number of ordinary shares	<u>45,160,500</u>	<u>45,160,500</u>
	(Rupees)	
Earnings / (Loss) per share - Basic	<u>(0.09)</u>	<u>0.11</u>

32. COMPARATIVE FIGURES

Corresponding figures have been rearranged and reclassified, if necessary, to reflect more appropriate presentation of events and transactions for the purposes of comparisons.


33. DATE OF AUTHORIZATION

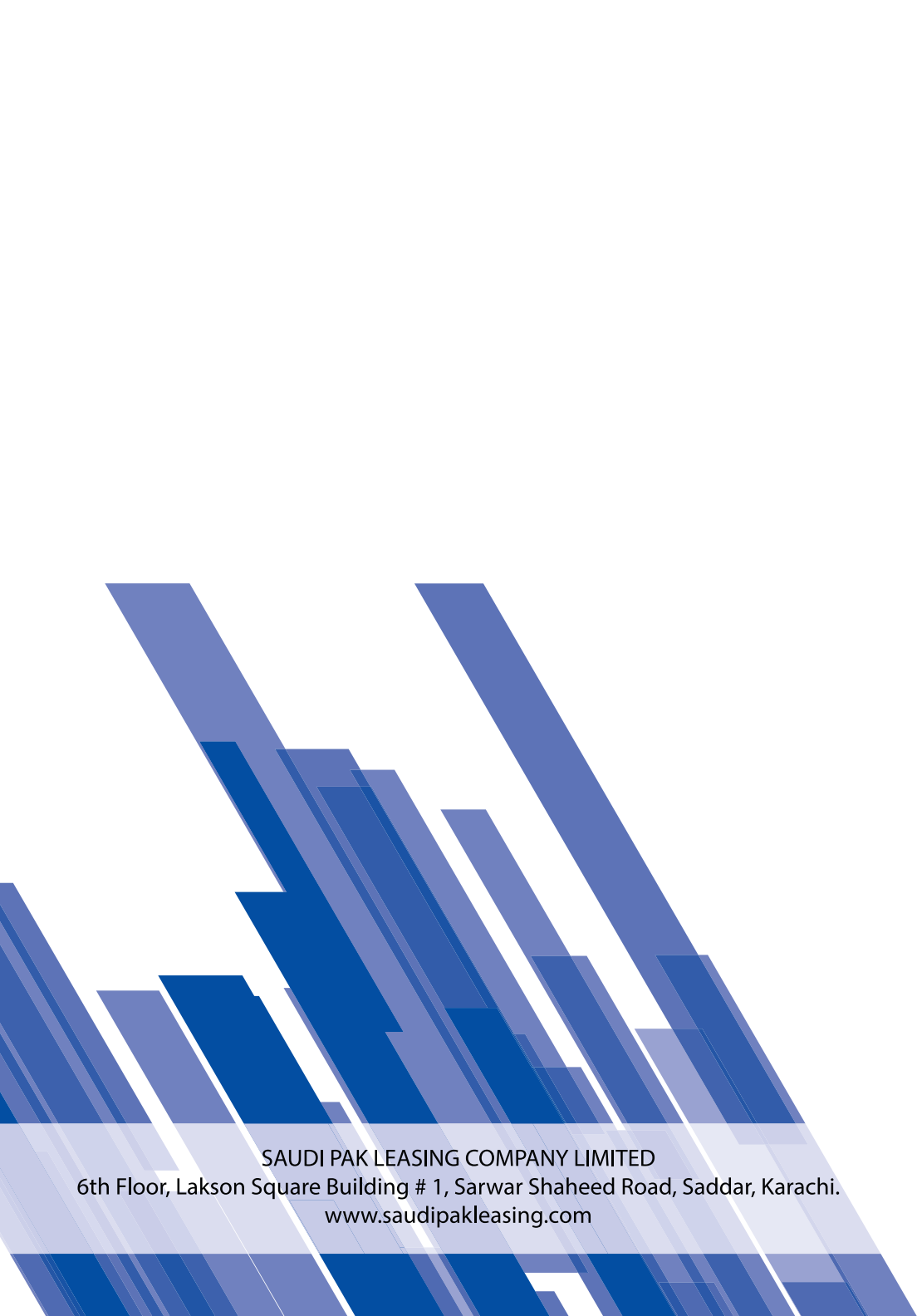
This condensed interim financial information (un-audited) was authorized for issue on **October 26, 2022** by the Board of Directors.

The annexed notes from 1 to 33 form an integral part of this condensed interim financial information.


Chief Executive Officer


Director


Chief Financial Officer



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